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The **FEDERAL CROP INSURANCE CORPORATION**

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News Letter is designed to inform field workers of the AAA and FCIC of developments in the crop insurance program and is not for general distribution

OVER 400,000 BUSHEL'S HAVE

BEEN PAID ON 1940 LOSSES

Nearly 1,500 wheat growers have already received over 400,000 bushels of wheat from their 1940 crop despite the fact that hazards beyond their control destroyed the yield they expected to get at the time the seed was planted. This change in the farmers' prospects for economic security has been brought about by the Federal crop insurance program which is now making settlement on 1940 total or substantially total crop losses.

Among the first settlements to be made this year were those for losses caused by flood in California on or about March 1. This is in contrast to first settlements made last year which were on losses caused by drought, wind, and sand storms. Of the 1,452 indemnities paid through May 25, all but 99 went to growers in the States of California, Nebraska, Oklahoma, and Texas although some payments have been made to practically all of the winter wheat states. Nebraska has received 766 indemnities amounting to a total of 123,504 bushels whereas 173,202 bushels of indemnities have been paid to only 385 Texas wheat growers. Of the 60,000 insured growers in Kansas this year, only 6 have thus far collected for crop losses.

While loss adjustments and the compilation of 1941 yield and rate data are holding the spotlight in the field, the Washington office is making a vigorous attempt to whip the 1941 crop insurance regulations into shape to be ready for distribution well before July 1. Printer's proofs have already been received on the 1941 regulations as well as proofs on the 1941 County Application Procedure and related forms.

The tabulation on the next page shows how many indemnities have been paid by States, the number of bushels and their cash equivalent.

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W. S. ATWELL GETS FIRST

EASTERN BRANCH INDEMNITY

Indemnity No. 1 from the Washington branch office this year went to W. Steele Atwell

who owns and operates a 73-acre farm on Route 3, Newark, Dela. Mr. Atwell insured 11.5 acres for a total production of 163 bushels. His premium amounted to 6 bushels. Extremely dry weather last fall and bitter cold in January reduced Mr. Atwell's yield to the extent that he received an indemnity amounting to 83 bushels or the cash equivalent of \$92.96.

INDEMNITY REPORT AS OF JUNE 3, 1940

States	Number of in- demnities paid	Net cash	Net bushels
<u>KANSAS CITY OFFICE:</u>			
Kansas	6	\$ 1,579.42	2,224
Missouri	14	1,371.71	1,441
Nebraska	766	97,537.25	123,504
Oklahoma	138	16,817.85	22,608
Texas	385	141,998.41	173,202
Total Kansas City Office	1,309	259,304.64	322,979
<u>MINNEAPOLIS OFFICE:</u>			
Minnesota	1	67.90	82
South Dakota	16	2,192.18	3,168
Wisconsin	1	83.56	99
Total Minneapolis Office	18	2,343.64	3,349
<u>SPokane OFFICE:</u>			
California	104	87,334.54	105,746
Total Spokane Office	104	87,334.54	105,746
<u>CHICAGO OFFICE:</u>			
Illinois	15	1,634.44	1,683
Indiana	20	2,487.10	2,724
Iowa	3	139.20	150
Michigan	9	823.41	902
Ohio	13	1,215.97	1,223
Total Chicago Office	60	6,300.12	6,682
<u>WASHINGTON OFFICE:</u>			
Delaware	1	92.96	83
Total Washington Office	1	92.95	83
<u>GRAND TOTAL</u> - - - - -	<u>1,492</u>	<u>355,375.90</u>	<u>438,839</u>

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INCREASED PARTICIPATION

BY NEVADA WHEAT GROWERS Edward C. Reed of the Nevada Triple A Committee reports that Douglas County of his state has submitted one more application for crop insurance for the 1940 wheat crop than was submitted by the entire State in 1939. A total of 107 growers are insured in 1940 as against 38 under the 1939 program, and a spread in participation from three counties in '39 to five counties for '40. Latest figures show that the 107 Nevada wheat growers will pay 2,113 bushels premium on 1,866 acres, insuring a production of 36,999 bushels. Of Nevada's 38 insured farms in 1939, 18 received indemnities for partially or totally destroyed crops.

MANAGER'S MESSAGE

The Corporation recently issued an explanation for State Committees of the changes being made in the county check premium rates to bring these rates into line with the actual insurance experience of the 1939 crop. This explanation brings out several basic facts regarding the insurance program which need emphasis. In brief the changes being made in check premium rates bring them up to date and correct them to bring in the influence of actual insurance experience of the 1939 crop. The changes are based on the fact that the amount of indemnities paid out should be in close relationship to the condition of the crop.

This is a fact which often is overlooked but which should be firmly established in the thinking of all insurance workers. It is a fundamental principle of the insurance program that premiums received and indemnities paid out should not be expected to equal each year, but rather that losses will exceed premiums in years of poor crops and will not use up all of the premiums in years of good crops. Since crop conditions tend to average out in the long-run, a balance between premiums and indemnities is probable only over a representative period.

On this basis a county cannot consider that its rates are correct simply because premiums exceed indemnities; nor should a county feel that rates are too low because losses exceed premiums. Crop conditions have to be taken into account. For example, a county may have paid out less than it took in and yet on the basis of crop conditions may have paid out too much. On the other hand, a county may have paid out more as indemnities than it took in as premiums but still may have paid out an amount that is less, or no greater than it should be.

In correcting the check premium rates the Corporation has determined for each county the amount of loss that should have been paid out, or the "expected loss per seeded acre" for 1939 on the basis of the crop estimate yield for the county. This is compared with the actual loss per insured acre for the county. If, for example, the actual loss was 1.4 bushels per insured acre, and the "expected loss" was .9 of a bushel, the difference of .5 bushel is an excess loss and indicates that the county paid out more than provided for by the premium rate. On the other hand, if the actual loss per insured acre was only .6 of a bushel and the "expected loss" was .9, it would indicate that the county paid out less than the amount provided for in the premium rate.

Following this line of reasoning the Corporation has adjusted check premium rates by applying correction factors to increase the premium rate where the county paid out in excess of the "expected loss," and to reduce the check premium rate where the county paid out less than the "expected loss." The details of this process are taken up in the explanation made available to State committees.

Leroy K. Smith

ALL-RISK CROP INSURANCE IS

NEW VERSION OF NOAH'S ARK

Robert Noah, western Sutter county in the Sacramento Valley, California, was one of the first wheat growers in the United States to submit an indemnity claim under the 1940 crop insurance program. Mr. Noah's farm, of which he is owner-operator, consisted of 404 acres, 56.9 of which were planted to wheat and insured for 75 percent of its adjusted average wheat yield of 32.7 bushels per acre at a premium rate of .8 bushel per acre. His total premium payment amounted to 45 bushels of wheat, having a cash equivalent of \$37.89.

In late February torrential rains in California resulted in extensive flooding of some of California's most highly diversified and productive farm land. Mr. Noah's wheat crop was totally destroyed for which he will receive a 1,396-bushel indemnity. Along with his wheat crop Mr. Noah lost 314 planted acres of barley, cover crop, and seed peas. The damage done to his farm will take years to repair. His implement shed and barn were completely demolished by the flood waters. His house had 13 feet of water in it and was kept from floating away only by a brick chimney which served as an anchor post.

Mr. Noah said, "That crop insurance indemnity will certainly help me a lot in financing my summer crop plantings. In addition, it is going to mean a lot to me in having ready cash to start rebuilding my home. What we farmers need is insurance on all our crops -- you never can tell what is going to hit us next."

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THE SORROW AND HAPPINESS

OF OREGON'S CLYDE KIDDLE

"I wasn't as happy as that picture made out," mourned Clyde Kiddle, Oregon crop insurance supervisor in reference to a March news-picture widely circulated in his State which showed him wrapped in smiles over the success of the 1940 sign-up. "Why we got only 35.3 percent of the State's wheat allotment signed up. I'd figured on 40 percent!" "It's hard to muster much sympathy for Kiddle's distress," offers N. C. Donaldson, Oregon executive assistant. "Only 35.3 percent! Anybody who can get over a third of the State's wheat-acreage allotment signed up in the second year of a new program doesn't need sympathy. That's being saved for those who do need it!"

In Oregon 390 spring wheat and 1,619 winter wheat contracts were written insuring 298,731 acres for a yield of 3,712,395 bushels. Premium collections amounted to 233,152 bushels. Averages per contract in Oregon ran 116 bushels for premium payments, 148 insured acres, and 1,850 bushels of insured production. The major share of applications came from winter wheat growers according to word sent in by Mr. Donaldson. Good crop prospects late in the winter caused some farmers to forego insuring their spring wheat, taking a chance on the favorable weather seeing them through. On the whole, however, Oregon farmers are developing a "good business" attitude toward crop insurance. Among those signed up for 1940, the majority is of the opinion that crop insurance isn't just something to be used in "beating the weather" during bad years but is a type of protection necessary year in and year out.

NORTH DAKOTA BETTERS

HIGHER HIGH 1939 RECORD North Dakota boosted the total number of crop insurance contracts issued in 1939 from 28,000 to over 31,500 in 1940. Farmers in the State paid in a little over 2 million bushels of wheat guaranteeing them slightly more than $10\frac{1}{2}$ million bushels. Incidentally, North Dakota had more contracts in effect in 1939 than any other State. In presenting the 1940 program to North Dakota farmers a direct relationship was found between the number of applications written in 1940 and the number of indemnity claims paid in 1939. In other words, practically all growers who suffered a loss in '39 applied for crop insurance in 1940, according to Gus F. Geissler, who is in charge of crop insurance matters in the Flickertail State.

The bulk of the 1940 crop insurance contracts were written in the eastern third of the State. However, several counties in the western part of the State sold more crop insurance policies in 1940 than in 1939. An important item in the 1940 sign-up campaign in North Dakota was the fact that county committees kept farmers, and townsmen alike, conscious of the deadline date, and the crop insurance program in general by sending out illustrated circular letters. Other methods which proved successful were as follows:

1. Arrangements were made to have someone discuss crop insurance with every farmer who called at the county office. His own yield and rate were explained fully to him.

2. Community committeemen or their representatives contacted special groups or communities.

3. In several counties friendly competition between community committees was organized. In LaMoure County, for example, the community committee writing the most crop insurance contracts was rewarded with a feed by the county committee.

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UNIFORM STORAGE AGREEMENT IN

EFFECT FOR ALL USDA AGENCIES The Department of Agriculture announces that a uniform grain storage agreement designed to unify storage rates, handling costs, and other provisions affecting storage and handling of grain by agencies of the Department has been approved. The agreement will affect all grain stored in country and terminal elevators, but not that stored on farms.

Under the Uniform Agreement, the corporate agencies of the Department -- Commodity Credit Corporation, Federal Crop Insurance Corporation, and Federal Surplus Commodities Corporation -- will operate under one contract and may shift the grain from one agency to the other without the necessity of drawing up a new warehousing agreement. Farmers who move their grain to storage and hold it for several weeks or months before placing it under Government loan will benefit from the agreement as the warehouse rates are retroactive to the date the farmer places grain in storage. Such rates are also applicable to farmers who pay off their loans before maturity.

LEAFLET FOR ELEVATOR

MEN IS OFF THE PRESS Since the country elevator man plays an important part in the routine of every wheat grower, the Corporation has prepared a special leaflet explaining the wheat crop insurance program to him, and how he may expect to benefit by greater participation of farmers in the program. Copies of this leaflet are now ready for distribution to the grain trade via State AAA offices.

"Crop Insurance and the Country Elevator" is the title of this publication and its number designation within the Corporation's informational series of publications is FCI Information 13. Six of its 12 pages are illustrated with halftone photographs to further the meaning of the text. A current list of available FCI leaflets, posters and film strips appears on the back cover. Set in 10 point type with lots of space between the lines, this leaflet should be easy to read. The over all size of the leaflet is 4 by 9 inches so that it will fit nicely into a number ten standard envelope.

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SAUNDERS COUNTY, NEBRASKA,

AGAIN GETS MOST CONTRACTS With 2,834 crop insurance contracts, Saunders County, Nebr. again leads the Nation's counties for participation in the 1940 crop insurance program. Saunders County led in 1939 with 1,842 policies issued. Lancaster County, Nebr., is second this year with 2,798 contracts and Cass County, N. D., third with 2,469 reported to date.

Umatilla County, Oreg., is first this year in estimated production with 1,296,405 bushels insured production and was first in 1939 with 1,228,048 bushels. Under the 1940 program, Rawlins County, Kans., with a payment of 171,229 bushels, paid the most in premiums of any county, and Cass County, N. D., had the most insured acreage with 124,498 insured acres. In 1939 Ramsey County, N. D., paid the greatest amount of premiums with 112,484 bushels and had the highest insured acreage with 162,484.

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OHIO FLOOD LOSSES

ARE BEING SETTLED Insured wheat acreage in Columbiana County, Ohio, that has been damaged by the recent flood will be indemnified as soon as statements in proof of loss are satisfactorily proved says Glenn Bates, county AAA chairman. Total or substantially total losses will be settled as soon as possible so that the acreage can be put to other use whereas partial losses will be settled at threshing time when actual losses can be determined.

Mr. Bates has pointed out to growers in his county the availability of the deferred settlement plan of claiming losses: "If a grower wishes to postpone payment of the indemnity, as he might in time of a rising market, he may ask for a deferred settlement with the privilege of requesting payment within 90 days. In such cases the cash equivalent of the indemnity will be figured on the basis of the price in effect on the day the notice is received by the Corporation's Chicago branch office

CROP INSURANCE, -- A

1940 "HIT" IN IDAHO "It's a fact that about all we needed to do during the spring wheat campaign to put crop insurance over in Idaho was to let the farmers know about it," says Milford J. Vaught, chairman of the Idaho Triple-A Committee. Soon after the beginning of the spring wheat campaign, Vaught predicted that Idaho would finish the 1940 sign-up with just about double the number signed up last year. He now reports, "We've signed up four times as many policyholders in 1940 as we had in 1939, slightly more than 6,800 contracts as compared with 1,700 last year."

The reason for this unexpected increase in sign-up, according to Mr. Vaught, is this: "The crop insurance program went over with by far the most success in counties where county and community committeemen went out to tell what they themselves thought about crop insurance and how they were using it on their own farms. Committeemen talked crop insurance with their neighbors over the fence. They had the blanks with them when they went out with farm plan sheets. When farmers came into the county office for their 1939 conservation checks, they usually learned something about crop insurance before they left."

It was explained to these Idaho farmers that the principle of crop insurance was protection rather than profit, and that they could pool their harvest chances with all the other wheat growers in the Nation. But they had to know about crop insurance before they took it out and Mr. Vaught is convinced that nobody can explain the program better than a Triple-A committeeman who believes in it himself.

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CANADIAN GOVERNMENT MAY PUT

INSURANCE PLAN INTO EFFECT When Canadian wheat growers look across the boundary line and see how crop insurance is working for their neighbors to the south, it is no wonder that they ask: "Why can't we have guaranteed yields, too?" As a result of Canadian interest in crop insurance, a plan of "all-risk" protection for yields has been recommended to the Canadian government by the economic survey board of Manitoba, following an extensive statistical survey carried out during the past year.

The board advised that premium rates range from .75 bushel to 2.5 bushels an acre to insure minimum yields of 10 to 14 bushels. As in our own program, the insurance would be on a yield basis--not price--and premiums and indemnities would be payable in wheat or the cash equivalent. It was also recommended that administrative costs would have to be borne by the Canadian Government at least until a sufficient reserve has been built up.

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In 1939, about 235,000 farmers stored 167 million bushels of wheat under loan at an average rate of 63.3 cents a bushel.

THEY SPEAK FROM EXPERIENCE

Chris Wingire, Woodworth, N. Dak.: "You can't really appreciate crop insurance until you've seen a gang of grasshoppers make a fine crop of wheat disappear before your very eyes. I've seen that, and I've seen my own crop destroyed by frost in an area where frost was the last thing you'd expect would ruin your wheat. Sure, I made a crop last year. But I lost no time getting insurance again for 1941. And I'll have it just as long as I can get it. Just the worry saved is worth the cost. Without crop insurance, wheat farming is like living in a house without a roof on it, with rain liable to come any time."

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Miss Emma Cosler, Route 4, Xenia, Ohio: "I've lived on a farm all my life, but I've been on my own farm since 1936. It didn't take me long to realize the risk involved in raising wheat for I had a wheat loss in 1936 due to extremely dry weather at seeding time last fall. When I learned of the wheat crop insurance program last year, I remembered 1936 so I took out a policy guaranteeing me 65 bushels at a cost of only 5 bushels. My acreage of wheat was small, only 9 acres, and we lost only 4 bushels, but it was more than worth the 5 bushels I paid in to keep me from worrying. I knew when the wheat was seeded I'd have a wheat crop to sell, thanks to crop insurance."

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Mrs. E. A. Watt, Woodworth, N. Dak.: "When the drought set in and the grasshoppers came last year, they didn't seem as awful as they used to. We knew they couldn't wipe us out. We used our indemnity to pay back taxes, and for the first time since 1930 our taxes are paid up to date. And the peace of mind--that's about the nicest thing. Crop insurance makes life more pleasant."

"We're conserving our land these days, too, because crop insurance and wheat loans have stabilized our income. You can't practice conservation when you can't be sure of getting back a substantial portion of a normal income when you seed your crop."

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Clare H. Taylor, New Albany, Ohio: "I haven't had a loss since 1926 but there's no telling when another loss will come. There's always a FIRST TIME for everything." Mr. Taylor's insured production per acre for 1940 is 18 bushels.

Participating in the farm program in 1939 for the first time Mr. Taylor has always managed his farm well. He tells of a 10-acre field on which he ran a rotation of corn, wheat, grass, and oats, alfalfa, and red clover. From this rotation, after adding 250 to 300 pounds of fertilizer, he harvested 65 bushels to the acre of oats and the next year got a 40-bushel-to-the-acre wheat yield.

A. E. Whitmire, Hunter, Okla.: "Federal all-risk crop insurance offers me two advantages I would not like to be without. In the first place it guarantees seed for another crop, giving me assurance that I can go ahead with my farming operations even though my production for the current year is of little or no consequence. In the second place I know that I will be able to meet such immediate obligations as payments on my farm as well as ordinary living and farming expenses. In addition, I like all-risk insurance because it is cheap and I feel that the premium is money well spent even though I get a good crop."

Drought and freezing weather caused extensive damage to Whitmire's wheat acreage this year. His indemnity was about 570 bushels from 62 insured acres. This protection cost Mr. Whitmire 62 bushels of wheat based on an adjusted average yield of 12.3 bushels an acre and a premium rate of 1 bushel an acre. Mr. Whitmire says he favors all of the Triple-A program "Because it promotes practices that I feel should be done anyway. I keep my wheat acreage insured and I have some other crops that I would insure if it were possible."

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M. S. Coberly, Gove County, Kansas: "We're strong for summer fallow and use some kind of damming tillage tool to conserve all the moisture that falls, but in a year like this we appreciate a crop insurance policy." The Coberly farm is rated as one of the best-operated in western Kansas. Consisting of 10,000 acres, approximately 5,000 are devoted to crops, and the remainder to pasture. The 1940 crop insurance contract on the Coberly farm covered 2,426 acres, insuring a production of 25,145 bushels.

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KOPAC HOLDS MONTANA'S

LARGEST FCI CONTRACT The largest crop insurance contract to be issued on the 1940 wheat crop in Montana will assure production on 3,492 acres in Big Horn county, says R. J. McKenna, acting chairman of the State Triple-A committee. The contract was taken out by Ed Kopac of Hardin. Kopac paid a premium of 6,884 bushels to guarantee a production of 19,695 bushels of winter wheat from his 1940 farming operations. With 4,171 insurance contracts written in Montana covering an estimated 291,497 acres, the average runs about 70 insured acres per contract.

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KANSAS FARMERS PLEASED

WITH LOSS ADJUSTMENTS Through May 4 more than 6,000 of Kansas' insured wheat growers had reported losses to county offices according to E. H. Leker of the Kansas State AAA committee. Over 4,000 of these damaged fields have been released for the planting of other crops or summer fallow. Mr. Leker says that "County offices all over the State have been able to make prompt inspection as soon as wheat growers have reported losses and the attitude farmers have taken in connection with appraisals and releasing fields for other uses has been very pleasing."



UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
(Name of Town and State)

Dear Mr. Blank:

Farming has been too much of a gambling proposition! As a wheat grower you know this to be a fact. Think back only a few years to the last time your crops failed or the yield from your farm did not bring enough cash to meet your expenses for the current year.

While preparing and planting your fields for another harvest you have thought of heart-breaking experiences caused by crop failure. You likely wondered what kind of luck you may have another time against your natural enemies such as drought, flood, hail, wind, fire, and so forth.

Unlike the businessman with whom you deal every day, you may not have been able to put yourself on the same footing with him by setting aside a small amount to protect your annual investment in labor, fuel, seed, and feed, not to mention other items of expense.

But, as the saying goes, "The worm has turned." You can now put wheat-farming on a business basis.

- NOW, you can get assurance that you will have wheat income every year.

The Federal Crop Insurance Corporation, an agency of the U. S. Department of Agriculture, has been established to work with you and other farmers in your county and community in an effort to take the element of chance out of wheat farming. If the weather brings you good luck next season, you can well afford all-risk crop insurance; if it brings you bad luck, you cannot afford to be without it.

Yours for better business on the farm,

_____, Chairman
County AAA Committee

NOTE: Stencils with the above illustration - not the letter - impressed on them are available for use by county committeemen in mailing circular letters to local wheat growers. They may be obtained upon request through the State AAA offices.